Company Registration No. 200917889Z

Citystate Capital Asia Pte. Ltd. and its subsidiaries

Annual Financial Statements
31 December 2021

General information

Directors

Ng Tee Chuan
Leow Tze Wen
Ho Hak Ean Peter
Ho Lon Gee
Tan Eng Seong Phillip
Peter Schmidt
Ng Tee Yen (alternate director of Ng Tee Chuan)
Ann Chua (alternate director of Peter Schmidt)

Company secretaries

Sharimala Rasanayagam
Shang Xinquan

Registered office

11 Keppel Road #09-02 ABI Plaza
Singapore 089057

Auditor

Ernst & Young LLP

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The directors present their statement together with the audited financial statements of Citystate Capital Asia Pte. Ltd. (the "Company") and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheets and statements of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flow of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors of the Company

The names of the directors of the Company in office at the date of this statement are:

Ng Tee Chuan
Leow Tze Wen
Ho Hak Ean Peter
Ho Lon Gee
Tan Eng Seong Phillip
Peter Schmidt
Ng Tee Yen (alternate director of Ng Tee Chuan)
Ann Chua (alternate director of Peter Schmidt)

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year, had, according to the register of directors shareholding required to be kept under Section 164 of the Companies Act 1967 (the "Act"), an interest in shares of the Company as stated below:

	Held in the name of director		**Deemed interest**	
Name of director	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company				
Ng Tee Chuan	–	–	3,592,810	3,592,810
Leow Tze Wen	1,621,670	1,621,670	32,264,810	32,264,810
Ho Lon Gee	165,000	165,000	–	–
Tan Eng Seong Phillip	1,427,520	1,427,520	506,000	506,000

Directors' interests in shares and debentures (cont'd)

Except as disclosed, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company.

Since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Act other than those disclosed in Note 25 to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Options

There were no share options granted by the Company during the financial year.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option as at the end of financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment.

On behalf of the board of directors,

DocuSigned by:

0B9300D1EF72458...

Leow Tze Wen
Director

DocuSigned by:

1C2E89098F344CA...

Tan Eng Seong Phillip
Director

Singapore

30 May 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Citystate Capital Asia Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the general information and the directors' statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 May 2022

Balance sheets
As at 31 December 2021

(In United States dollars)

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		US$	US$	US$	US$
Non-current assets					
Property, plant and equipment	4	2,244,810	2,501,325	7,572	21,907
Right-of-use assets	5	1,084,807	1,681,226	77,353	144,283
Intangible assets	6	1,323,352	1,345,661	–	–
Investment in subsidiaries	7	–	–	34,779,033	34,779,033
Investment in associates	8	345,268	322,517	–	–
Investment securities	9	11,222,402	16,555,328	–	–
Other receivables	11	9,512	8,954	29,543,268	29,629,193
Reinsurers' share of insurance contract liabilities	12	8,090,273	10,921,558	–	–
Deferred tax assets	14	2,327,317	1,829,323	–	–
		26,647,741	35,165,892	64,407,226	64,574,416
Current assets					
Investment securities	9	11,597,193	8,757,400	–	–
Prepayments and deposits		448,706	521,500	30,240	30,522
Trade receivables	10	8,324,829	8,178,690	–	–
Other receivables	11	1,081,994	2,342,729	1,193,759	1,136,548
Cash and short-term deposits	15	89,384,123	78,786,048	1,728,873	2,100,300
Loans and receivables		98,790,946	89,307,467	2,922,632	3,236,848
		110,836,845	98,586,367	2,952,872	3,267,370
Current liabilities					
Trade payables	16	13,677,635	8,987,951	–	–
Other payables	17	3,850,154	4,461,966	228,513	218,271
Lease liabilities	5	791,531	712,461	74,817	62,783
HP creditors		17,203	17,554	–	–
Dividend payable		–	700,000	–	700,000
Financial liabilities carried at amortised costs		18,336,523	14,879,932	303,330	981,054
Tax payables		57,659	87,341	–	–
		18,394,182	14,967,273	303,330	981,054
Net current assets		92,442,663	83,619,094	2,649,542	2,286,316
Non-current liabilities					
Gross insurance contracts liabilities	12	64,811,006	62,605,313	–	–
Contingency reserves		26,039	26,571	–	–
Employment liability	13	737,981	686,155	–	–
Lease liabilities	5	269,384	935,267	–	74,808
HP creditors		22,938	40,958	–	–
		65,867,348	64,294,264	–	74,808
Net assets		53,223,056	54,490,722	67,056,768	66,785,924
Equity attributable to owners of the Company					
Share capital	18	67,175,900	67,175,900	67,175,900	67,175,900
Accumulated profits/(losses)		5,168,710	5,651,267	(119,132)	(389,976)
Other reserves	19	(19,645,929)	(19,800,054)	–	–
		52,698,681	53,027,113	67,056,768	66,785,924
Non-controlling interests	7(b)	524,375	1,463,609	–	–
Total equity		53,223,056	54,490,722	67,056,768	66,785,924

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Citystate Capital Asia Pte. Ltd. and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 December 2021

(In United States dollars)

	Note	Group 2021 US$	Group 2020 US$
Gross written premium		50,917,713	43,457,427
Reinsurers' share of gross premiums written		(6,328,857)	(4,636,064)
Gross change in reserve for unexpired risk	12(b)	(6,842,284)	173,251
Reinsurers' share of gross change in reserve for unexpired risk	12(b)	1,282,659	(1,017,029)
Net earned premium		39,029,231	37,977,585
Gross claims paid	12(a)	(25,702,809)	(23,165,954)
Reinsurers' share of gross claims paid	12(a)	2,807,255	1,390,612
Gross change in loss reserves		3,436,565	3,577,829
Reinsurers' share of gross change in loss reserves		(3,911,071)	(481,690)
Net claims incurred		(23,370,060)	(18,679,203)
Commission expense		(9,677,007)	(8,033,604)
Commission income		1,378,986	965,988
Net commission		(8,298,021)	(7,067,616)
Other underwriting expenses		(1,049,090)	(1,141,699)
Underwriting profit from direct general insurance		6,312,060	11,089,067
Net underwriting results from reinsurance business (in run off)	20	130	679
Brokerage income and profit commission	21	1,566,217	1,352,290
Investment and other income	22	2,468,934	2,751,488
Other operating and administrative expenses		(11,564,337)	(11,204,276)
Share of associate's results		22,453	57,038
(Loss)/profit before taxation	23	(1,194,543)	4,046,286
Taxation	24	504,073	(652,536)
(Loss)/profit for the year		(690,470)	3,393,750
Other comprehensive income - net of tax			
Net gain/(loss) on available-for-sale financial assets		1,128,416	(18,274)
Foreign currency translation		(1,001,931)	688,749
Merger reserve		–	–
Net actuarial (loss)/gain on post-employment benefits	13	(3,681)	14,542
Revaluation of assets		–	177,898
Other comprehensive income for the year		122,804	862,915
Total comprehensive income for the year		(567,666)	4,256,665
(Loss)/profit for the year attributable to:			
Owners of the Company		220,315	3,450,427
Non-controlling interest	7(b)	(910,785)	(56,677)
		(690,470)	3,393,750
Total comprehensive income attributable to:			
Owners of the Company		371,568	4,327,153
Non-controlling interests		(939,234)	(70,488)
Total comprehensive income for the year		(567,666)	4,256,665

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Citystate Capital Asia Pte. Ltd. and its subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2021

(In United States dollars)

Group	Attributable to owners of the Company								
	Share capital (Note 18) US$	**Merger reserves (Note 19)** US$	**Fair value reserves (Note 19)** US$	**Translation reserves (Note 19)** US$	**Revaluation reserves (Note 19)** US$	**Accumulated profits** US$	**Total** US$	**Non-controlling interests** US$	**Total equity** US$
2021									
Balance as at 1 January 2021	67,175,900	(18,529,167)	(50)	(1,823,837)	553,000	5,651,267	53,027,113	1,463,609	54,490,722
(Loss)/profit for the year	–	–	–	–	–	220,315	220,315	(910,785)	(690,470)
Other comprehensive income									
Net gain on available-for-sale financial assets	–	–	1,128,416	–	–	–	1,128,416	–	1,128,416
Foreign currency translation	–	–	–	(974,291)	–	–	(974,291)	(27,640)	(1,001,931)
Net actuarial loss on post-employment benefits	–	–	–	–	–	(2,872)	(2,872)	(809)	(3,681)
Revaluation of assets	–	–	–	–	–	–	–	–	–
Other comprehensive income for the year, net of tax	–	–	1,128,416	(974,291)	–	(2,872)	151,253	(28,449)	122,804
Total comprehensive income for the year	–	–	1,128,416	(974,291)	–	217,443	371,568	(939,234)	(567,666)
Dividend declared (Note 30)	–	–	–	–	–	(700,000)	(700,000)	–	(700,000)
Transfer of revaluation reserves	–	–	–	–	–	–	–	–	–
Balance as at 31 December 2021	67,175,900	(18,529,167)	1,128,366	(2,798,128)	553,000	5,168,710	52,698,681	524,375	53,223,056
2020									
Balance as at 1 January 2020	67,175,900	(18,529,167)	18,224	(2,568,734)	–	3,503,737	49,599,960	1,534,097	51,134,057
Profit/(loss) for the year	–	–	–	–	–	3,450,427	3,450,427	(56,677)	3,393,750
Other comprehensive income									
Net loss on available-for-sale financial assets	–	–	(18,274)	–	–	–	(18,274)	–	(18,274)
Foreign currency translation	–	–	–	744,897	–	–	744,897	(56,148)	688,749
Net actuarial gain on post-employment benefits	–	–	–	–	–	11,342	11,342	3,200	14,542
Revaluation of assets	–	–	–	–	138,761	–	138,761	39,137	177,898
Other comprehensive income for the year, net of tax	–	–	(18,274)	744,897	138,761	11,342	876,726	(13,811)	862,915
Total comprehensive income for the year	–	–	(18,274)	744,897	138,761	3,461,769	4,327,153	(70,488)	4,256,665
Dividend declared (Note 30)	–	–	–	–	–	(900,000)	(900,000)	–	(900,000)
Transfer of revaluation reserves	–	–	–	–	414,239	(414,239)	–	–	–
Balance as at 31 December 2020	67,175,900	(18,529,167)	(50)	(1,823,837)	553,000	5,651,267	53,027,113	1,463,609	54,490,722

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Citystate Capital Asia Pte. Ltd. and its subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2021

(In United States dollars)

	Share capital (Note 18) US$	Accumulated losses US$	Total US$
Company			
2021			
Balance 1 January 2021	67,175,900	(389,976)	66,785,924
Profit for the year, representing total comprehensive loss for the year	–	970,844	970,844
Dividend declared during the year (Note 30)	–	(700,000)	(700,000)
Balance as at 31 December 2021	67,175,900	(119,132)	67,056,768
2020			
Balance 1 January 2020	67,175,900	(835,988)	66,339,912
Profit for the year, representing total comprehensive loss for the year	–	1,346,012	1,346,012
Dividend declared during the year (Note 30)	–	(900,000)	(900,000)
Balance as at 31 December 2020	67,175,900	(389,976)	66,785,924

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Citystate Capital Asia Pte. Ltd. and its subsidiaries

Consolidated cash flow statement
For the financial year ended 31 December 2021

(In United States dollars)

	Note	Group 2021 US$	Group 2020 US$
Cash flows from operating activities:			
(Loss)/profit before taxation		(1,194,543)	4,046,286
Adjustments for :			
Decrease/(increase) in insurance contracts liabilities – net		5,036,978	(1,576,877)
Depreciation of property, plant and equipment	23	410,160	468,677
(Gain)/loss on disposal of property, plant and equipment	23	(9,118)	1,166
Depreciation of right-of-use assets	23	871,131	750,685
Amortisation of discount on held-to-maturity investments – net	23	(146)	(67,541)
Interest expense on lease liabilities	23	29,065	28,041
Interest income	22	(953,441)	(1,756,621)
Dividend income from investment securities	22	(404,024)	(337,153)
Net unrealised (gain)/loss on held-for-trading investments	22	(441,661)	5,663
Net realised (gain)/loss on sale of investment securities	22	(185,720)	780,007
Employee benefit expenses		62,426	81,895
Share of associate's results		(22,453)	(57,038)
Contingency reserve		(532)	455
Remeasurement on defined benefit plan		(3,681)	14,542
Allowance for doubtful trade receivable – net		19,308	67,348
Operating cash flows before changes in working capital		3,213,749	2,449,535
Changes in working capital			
Increase in restricted cash		(4,213,629)	(1,803,863)
Decrease/(increase) in receivables, prepayments and deposits		994,683	(363,359)
Increase in payables		3,359,501	3,118,889
Cash flows from operations		3,354,304	3,401,202
Income tax paid		–	–
Net cash generated from operating activities		3,354,304	3,401,202
Cash flows from investing activities:			
Purchase of property, plant and equipment		(196,824)	(211,897)
Proceeds from disposal of property, plant and equipment		10,235	–
Cost to dispose property, plant and equipment		–	(1,162)
Proceeds from disposal of investment securities - net		3,543,344	4,858,207
Interest received		1,126,282	2,672,575
Dividend received from investment securities		404,024	337,153
Placement in long duration bank deposits		(10,738,622)	(1,167,889)
Net cash (used in)/generated from investing activities		(5,851,561)	6,486,987
Cash flows from financing activities:			
Payment of principal portion of lease liability	5	(718,739)	(617,466)
Interest paid on lease liabilities	5	(29,065)	(28,041)
Dividend paid	30	(700,000)	(200,000)
Net cash used in financing activities		(1,447,804)	(845,507)
Net (decrease)/increase in cash and cash equivalents		(3,945,061)	9,042,682
Effect of exchange rate changes on cash and cash equivalents		(409,115)	(652,334)
Cash and cash equivalents at beginning of year		23,796,875	15,406,527
Cash and cash equivalents at end of year (Note 15)		19,442,699	23,796,875

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Citystate Capital Asia Pte. Ltd. (the "Company") is a private limited liability company incorporated in Singapore. Its registered office is located at 11 Keppel Road #09-02 ABI Plaza Singapore 089057.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. There have been no significant changes in the nature of these activities during the year. The principal activities of the subsidiaries are shown in Note 7 of the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in US Dollars ("USD" or "US$"), except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

Continuing adoption of Amendments to FRS 104, Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

The amendments introduce two alternative options for entities issuing contracts within the scope of FRS 104, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of FRS 109 for annual periods beginning before 1 January 2023 at the latest.

An entity may apply the temporary exemption from FRS 109 if: (i) it has not previously applied any version of FRS 109 and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. If there is a change in the entity's activities:

- an entity that previously qualified for the temporary exemption from FRS 109 shall reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date and

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies (cont'd)***

Continuing adoption of Amendments to FRS 104, Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (cont'd)

- an entity that previously did not qualify for the temporary exemption from FRS 109 is permitted to reassess whether its activities are predominantly connected with insurance at a subsequent annual reporting date before 31 December 2018. The overlay approach allows an entity applying FRS 109 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied FRS 39 to these designated financial assets.

An entity can apply the temporary exemption from FRS 109 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies FRS 109 for the first time.

During the financial year, the Group continued to apply applied the temporary exemption from FRS 109 *Financial Instruments* as permitted by the Amendments to FRS 104 *Insurance Contracts: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts* which is effective for annual periods beginning on or after 1 January 2018. The temporary exemption permits the Company to continue applying FRS 39 rather than FRS 109 for annual periods beginning before 1 January 2023.

The Group concluded that it qualified for the temporary exemption from FRS 109 as the Group has not previously applied any versions of FRS 109 and its activities are predominantly connected with insurance at annual reporting date that immediately precedes 1 April 2016 (i.e. 31 December 2015). As at 31 December 2015, the Group's gross liabilities arising from contracts within the scope of FRS 104 represented 96% of the total carrying amount of all its liabilities. Since 31 December 2015, there has been no change in the activities of the Group that requires reassessment of the use of the temporary exemption.

The table below presents an analysis of the fair value of classes of financial assets as at 31 December 2021 and 31 December 2020, as well as the corresponding change in fair value during the financial year. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest ("SPPI"), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and

- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

Continuing adoption of Amendments to FRS 104, Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts (cont'd)

The fair value and fair value change of the Group's financial assets during the year, based on the classification in accordance with FRS 109, is as follows:

	SPPI financial assets		**Other financial assets**	
31 December 2021	**Fair value** US$	**Fair value change** US$	**Fair value** US$	**Fair value change** US$
Investment securities	9,379,094	(2,357)	13,440,501	(440,066)
Trade receivables	8,324,829	–	–	–
Other receivables *	876,822	–	–	–
Cash and short-term deposits	89,384,123	–	–	–
Total	107,964,868	(2,357)	13,440,501	(440,066)

	SPPI financial assets		**Other financial assets**	
31 December 2020	**Fair value** US$	**Fair value change** US$	**Fair value** US$	**Fair value change** US$
Investment securities	15,840,383	90,348	9,472,345	9,051
Trade receivables	8,178,690	–	–	–
Other receivables	2,553,521	–	–	–
Cash and short-term deposits	78,786,048	–	–	–
Total	105,358,642	90,348	9,472,345	9,051

* Excluding prepayments, GST receivables and tax recoverables amounting to US$653,878

Refer to the table as disclose in Note 26 that shows the carrying amount of the SPPI assets included in the table above by credit risk rating grades. The carrying amount is measured in accordance with FRS 39 although this is prior to any impairment allowance for those measured at amortised cost.

As at 31 December 2021, the fair value of financial assets that do not have low credit risk was US$43,808,027 (2020: US$41,422,660).

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to FRS 103 *Business Combinations*: *Reference to the Conceptual Framework*	1 January 2022
Amendments to FRS 16 *Property, Plant and Equipment*: *Proceeds before Intended Use*	1 January 2022
Amendments to FRS 37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*	1 January 2023
Amendments to FRS 1 *Presentation of Financial Statements and* FRS Practice Statement 2 *Making Materiality Judgments*: *Disclosure of Accounting Policies*	1 January 2023
Amendments to FRS 12 *Income Taxes: Deferred Tax to Assets and Liabilities arising from Single Transaction*	1 January 2023
FRS 117 *Insurance Contracts*	
Amendment to FRS 117 *Insurance Contracts*	1 January 2023

Except for FRS 117, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 117 is described below.

FRS 117 Insurance Contracts

In March 2018, Accounting Standards Council Singapore ("ASC") issued FRS 117 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. FRS 117 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short duration which typically applies to certain non-life insurance contracts.

The overall objective of FRS 117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in FRS 104, which are largely based on grandfathering previous local accounting policies, FRS 117 provides a comprehensive model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 117 Insurance Contracts (cont'd)

- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

FRS 117 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group is evaluating the impact of the new standard on its financial statements and related disclosures and plans to adopt the new standard on the required effective date together with FRS 109.

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation (cont'd)*

Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The profit or loss reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 ***Associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit and loss account.

The financial statements of associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment upon loss of significant influence is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Associates (cont'd)

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss.

2.8 *Foreign and functional currency*

The Group's consolidated financial statements are presented in USD, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit and loss account of the Group on disposal of the foreign operation.

(b) *Group companies*

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.9 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land and building	-	30 years
Furniture and fittings, office equipment and computers	-	3 – 10 years
Office Renovation	-	3 – 5 years
Motor Vehicles	-	5 – 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.10 *Investment property*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2. Summary of significant accounting policies (cont'd)

2.11 *Intangible assets*

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill arising on acquisition of foreign operation is treated as asset of the foreign operation and is recorded in the functional currency of the foreign operation and translated in accordance with the accounting policy set out in Note 2.8.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. Summary of significant accounting policies (cont'd)

2.11 *Intangible assets (cont'd)*

Other intangible assets (cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) ***Brand***

The brand was acquired in business combination. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

(b) ***Customer relationships***

The customer relationships were acquired in business combinations and are amortised on a straight-line basis over its finite useful life of 5 years.

2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables comprise cash, bank balances and deposits, other receivables, amount due from related companies and trade receivables.

(iii) ***Held-to-maturity investments***

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(iv) *Available-for-sale financial assets*

The available-for-sale financial assets are initially recognised at cost, being the fair value of the consideration given and including incremental acquisition changes associated with the investment.

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

(i) ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortization process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments*

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 *Impairment of financial assets*

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) ***Available-for-sale financial assets***

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 *Cash and cash equivalents*

These comprise cash on hand, cash at bank and short-term bank deposits but excludes deposits held on behalf of policyholders and short-term deposits held by the Monetary of Authority of Singapore under the provisions of the Insurance Act 1966 (the "Insurance Act").

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Leases*

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premises - 3 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.12.

2. Summary of significant accounting policies (cont'd)

2.17 Leases (cont'd)

(b) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.18 *Product classification*

All the Group's existing products are insurance contracts as defined in FRS 104. Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or where at inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contact has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

2. Summary of significant accounting policies (cont'd)

2.19 *Insurance contract liabilities*

Insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are discounted for the time value of money and include provision for unearned premiums, unexpired risk and inadequate premium levels and outstanding claims including claims incurred but not reported. The liability is derecognised when the liability expires, is discharged or is cancelled.

(a) ***Premium liabilities – Reserve for unexpired risks***

Reserve for unexpired risks comprises the sum of unearned premium reserves and premium deficiency reserves.

The reserve for unexpired risks in respect of direct insurance and facultative policies is calculated using the 1/365 method, whereas the reserve for unexpired risks in respect of marine cargo and treaty business is calculated using either 25% and 40% of net written premiums respectively.

Premium deficiency reserves are derived using actuarial methods on loss statistics and are recognised when the expected value of claims and expenses attributable to the unexpected periods of policies in force at the balance sheet date for any line of business exceeds the unearned premium reserve in relation to such policies.

Reserve for unexpired risks are compared with the report issued by a qualified actuary, on a yearly basis.

(b) ***Claims liabilities – Loss reserves***

Provision is made for the estimated cost of all claims notified but not settled at the balance sheet date, less reinsurance recoveries, using the best information available at the time. Provision is also made for claims incurred but not reported ("IBNR") at the balance sheet date based on historical claims experience, modified for variations in expected future settlement, as well as direct and indirect claims expenses.

Loss reserves are compared with the report issued by a qualified actuary, which is prepared for a valuation of the claims liabilities at best central estimates on a yearly basis.

(c) ***Deferred acquisition cost***

Commission on other acquisition cost incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial period, are deferred acquisition costs ("DAC") and are calculated using the 1/365 method on actual commission. All other acquisition costs are recognised as an expense when incurred.

An impairment review is performed at each reporting date and, if required, the carrying value is written down to the recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.19 *Insurance contract liabilities (cont'd)*

(d) *Reinsurance*

The Company cedes reinsurance in the normal course of business for the purpose of limiting its losses. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Premiums ceded and reinsurance claims recoveries are presented in the balance sheet and profit and loss account on a gross basis.

Reinsurance premiums ceded are deferred and recognised as an expense in accordance with the pattern of reinsurance premiums received. Reinsurance claims recoveries are recognised consistently with the underlying claim.

Amounts recoverable from reinsurers are assessed for impairment at each reporting date. Such assets are deemed impaired if, and only if, there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The consequent impairment loss is recognised in profit or loss.

Reinsurance assets comprise reinsurers' share of insurance contract provisions. The amounts recognised as reinsurers' share of insurance contract provisions are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contacts.

Reinsurance assets or liabilities are derecognised when the contractual right are extinguished or expired or when the contract is transferred to another party.

(e) *Liability adequacy test*

At each reporting date, the Company reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any overall excess of expected claims over unearned premiums. This calculation uses current estimates of future contractual cash flows (taking into consideration current loss ratios) after taking account of any loss adjustor's expenses. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in profit or loss by setting up a provision for liability adequacy.

2. Summary of significant accounting policies (cont'd)

2.20 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability as a result of service rendered by employees up to the end of the reporting date.

(c) *Post-employment benefits*

The post-employment pension benefit obligation is the present value of the defined benefit obligation at end of the reporting period less the fair value of plan assets, together with the adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognised in other comprehensive income and reported in other reserves.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield at the end of the reporting period of long term government bonds denominated in Indonesian Rupiah in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

(d) *Government grant*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. Summary of significant accounting policies (cont'd)

2.21 *Revenue recognition*

(a) *Premium income*

Gross written premiums are recognised at the time of commencement of the risk or, in the case of reinsurance, it is taken up in the insurance underwriting account based on reinsurance closings received up to the time of closing of the books, and earned over the term of the related policy coverage.

Premiums on long-term polices are recognised at the commencement of contract and premiums not relating to the current financial year have been adjusted for as long term unexpired risk.

(b) *Investment income*

Dividend income is recognised when such dividends are declared. Interest income is accounted for on an accrual basis using the effective interest method. Profits or losses on disposal of investments are taken to profit or loss.

(c) *Brokerage income*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Commission or brokerage for obtaining business for the insurer is recognised as revenue when the insurance policy has been arranged.

2.22 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 *Taxes (cont'd)*

(b) ***Deferred tax***

Deferred income tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is not probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.22 *Taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 *Claims*

General insurance claims incurred include all claims occurring during the year, whether reported or not, including the related handling costs and reduction for the value of salvage, other recoveries and any adjustments to claims outstanding from prior years.

2.24 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.25 *Contingencies (cont'd)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements necessitates the use of judgements, estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's best knowledge of current facts as at the balance sheet date, the actual outcome may differ from these estimates, possibly significantly.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) ***Determination of insurance contract liabilities***

The insurance contract liabilities of the Group comprise the claim liabilities and premium liabilities. Claim liabilities consist of outstanding claims notified and outstanding claims incurred but not reported ("IBNR") while premium liabilities consist of the reserve for unexpired risks, net of deferred acquisition costs and their values are carried in the balance sheet as disclosed in Note 12 to the financial statements.

The insurance contract liabilities are determined by the approved actuary at the best central estimates for the year ended 31 December 2021. An additional provision of approximately US$3,439,764 (2020: US$3,259,580) is required if the insurance contract liabilities are calculated at a 75% level of sufficiency.

The estimates of premium and claim liabilities are sensitive to various factors and uncertainties as disclosed in Note 26. The establishment of these estimates is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of premium and claim liabilities can vary from the initial estimates.

Because of the delays that arise between the occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claims provisions are not known with certainty at the balance sheet date, and must instead be estimates as explained above.

3. Significant accounting judgements, estimates and assumptions (cont'd)

Judgements made in applying accounting policies (cont'd)

(a) ***Determination of insurance contract liabilities (cont'd)***

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent financial statements.

The table below is intended to illustrate the level of uncertainty within the claims reserves:

Two scenarios are shown:

(i) The impact (based on the actuarial model) of increasing claims provision from the level that provides the best estimate to the level that provides a 75% level of assurance.

(ii) The impact of increasing all individually estimated case reserves by 5% illustrating the sensitivity of the claims provision to the individual estimates formulated by loss adjusters.

	Increase/(decrease)	
	net claims liabilities	**profit before tax**
	US$'000	US$'000
2021		
Increase claims provision from best estimate to 75% adequacy level	3,440	(3,440)
Increase reported claims case reserves by 5%	1,132	(1,132)
2020		
Increase claims provision from best estimate to 75% adequacy level	3,260	(3,260)
Increase reported claims case reserves by 5%	1,105	(1,105)

(b) ***Impairment of available-for-sale investments***

The Group records impairment charges in available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. No impairment loss was recognised for available-for-sale financial assets for financial year ended 31 December 2021 and 31 December 2020.

3. Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Company and the Singapore tax authority. Such differences of interpretation may arise on a wide variety of issues.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. Property, plant and equipment

Group	Leasehold land US$	Leasehold building US$	Furniture and fittings US$	Office equipment and computers US$	Office renovation US$	Motor vehicles US$	Total US$
Cost							
At 1 January 2020	411,794	1,581,740	286,080	2,453,935	745,830	285,136	5,764,515
Additions	15,555	212,520	–	156,992	3,562	1,167	389,796
Disposals	–	–	(1,073)	(1,325)	–	(804)	(3,202)
Foreign currency translation	(3,016)	(5,626)	4,798	42,903	9,532	915	49,506
At 31 December 2020 and 1 January 2021	424,333	1,788,634	289,805	2,652,505	758,924	286,414	6,200,615
Additions	–	–	–	147,682	2,816	46,326	196,824
Disposals	–	–	–	(1,944)	–	(36,009)	(37,953)
Foreign currency translation	(6,738)	(28,400)	(5,620)	(54,011)	(13,378)	(7,259)	(115,406)
At 31 December 2021	417,595	1,760,234	284,185	2,744,232	748,362	289,472	6,244,080
Accumulated depreciation							
At 1 January 2020	74,119	221,583	207,142	1,894,473	660,296	122,258	3,179,871
Charge for the year (Note 23)	13,271	117,461	15,457	235,264	54,089	33,135	468,677
Disposals	–	–	(1,071)	(1,323)	–	(804)	(3,198)
Foreign currency translation	(134)	2,631	4,091	37,028	10,507	(183)	53,940
At 31 December 2020 and 1 January 2021	87,256	341,675	225,619	2,165,442	724,892	154,406	3,699,290
Charge for the year (Note 23)	13,408	110,567	15,699	209,749	21,666	39,071	410,160
Disposals	–	–	–	(827)	–	(36,009)	(36,836)
Foreign currency translation	(1,322)	(4,903)	(4,414)	(44,643)	(13,124)	(4,938)	(73,344)
At 31 December 2021	99,342	447,339	236,904	2,329,721	733,434	152,530	3,999,270
Net carrying amounts:							
As at 31 December 2021	318,253	1,312,895	47,281	414,511	14,928	136,942	2,244,810
As at 31 December 2020	337,077	1,446,959	64,186	487,063	34,032	132,008	2,501,325

4. Property, plant and equipment (cont'd)

	Furniture and fittings US$	Office equipment and computers US$	Office renovation US$	Total US$
Company				
Cost				
At 1 January 2020	7,936	16,517	68,405	92,858
Additions	–	963	–	963
At 31 December 2020 and 1 January 2021	7,936	17,480	68,405	93,821
Additions	–	2,037	–	2,037
At 31 December 2021	7,936	19,517	68,405	95,858
Accumulated depreciation				
At 1 January 2020	5,746	12,773	35,443	53,962
Charge for the year	1,095	3,176	13,681	17,952
At 31 December 2020 and 1 January 2021	6,841	15,949	49,124	71,914
Charge for the year	1,095	1,596	13,681	16,372
At 31 December 2021	7,936	17,545	62,805	88,286
Net carrying amounts:				
As at 31 December 2021	–	1,972	5,600	7,572
As at 31 December 2020	1,095	1,531	19,281	21,907

Group

The leasehold land and building held by the Group as at 31 December 2021 is as follows:

Description and Location	Existing use	Tenure	Unexpired lease term
Jalan. P.B. Sudirman II No 4 Denpasar Bar. Kota Denpasar, Bali 80232, Indonesia	Commercial offices	Leasehold	25 years
H.R Rasuna Said Kav. C-21, Kuningan Jakarta, Indonesia	Commercial offices	Leasehold	12 years

5. Leases

Set out below are the carrying amounts of the Group's right-of-use assets recognised and the movements during the financial year:

Group	**Property** US$	**Office equipment** US$	**Total** US$
Cost			
At 1 January 2020	–	–	–
Additions	2,354,015	21,554	2,375,569
Termination	–	–	–
Currency translation	81,623	946	82,569
At 31 December 2020	2,435,638	22,500	2,458,138
Additions	244,448	58,419	302,867
Termination	(178,429)	(14,332)	(192,761)
Currency translation	(37,251)	(608)	(37,859)
At 31 December 2021	2,464,406	65,979	2,530,385
Accumulated depreciation			
At 1 January 2020	–	–	–
Charge for the year (Note 23)	735,041	15,644	750,685
Termination	–	–	–
Currency translation	25,540	687	26,227
At 31 December 2020	760,581	16,331	776,912
Charge for the year (Note 23)	858,801	12,330	871,131
Termination	(178,428)	(14,332)	(192,760)
Currency translation	(9,387)	(318)	(9,705)
At 31 December 2021	1,431,567	14,011	1,445,578
Net carrying amounts			
At 31 December 2020	1,675,057	6,169	1,681,226
At 31 December 2021	1,032,839	51,968	1,084,807

Set out below are the carrying amounts of the Group's lease liabilities recognised and the movements during the financial year:

Group	**Property** US$	**Office equipment** US$	**Total** US$
Lease liabilities			
At 1 January 2021	1,641,521	6,207	1,647,728
Additions	101,107	58,419	159,526
Accretion of interest	28,742	323	29,065
Payments	(735,264)	(12,540)	(747,804)
Currency translation	(27,310)	(290)	(27,600)
At 31 December 2021	1,008,796	52,119	1,060,915
Current	777,333	14,198	791,531
Non-current	231,463	37,921	269,384

5. Leases (cont'd)

	Property US$	Office equipment US$	Total US$
Group			
Lease liabilities			
At 1 January 2020	–	–	–
Additions	2,181,462	21,554	2,203,016
Accretion of interest	27,848	193	28,041
Payments	(629,706)	(15,801)	(645,507)
Currency translation	61,917	261	62,178
At 31 December 2020	1,641,521	6,207	1,647,728
Current	709,836	2,625	712,461
Non-current	931,685	3,582	935,267

The following are the amounts recognised in the Group's profit or loss:

	2021 US$	2020 US$
Depreciation of right-of-use assets (Note 23)	871,131	750,685
Interest expense on lease liabilities (Note 23)	29,065	28,041
Rent expense on short term leases (Note 23)	138,796	275,094
Total expense recognised in profit or loss	1,038,992	1,053,820

Set out below are the carrying amounts of the Company's right-of-use assets recognised and the movements during the financial year:

	Property US$
Company	
Cost	
At 1 January 2021	200,241
Additions	–
Termination	–
At 31 December 2021	200,241
Accumulated depreciation	
At 1 January 2021	55,958
Charge for the year	66,930
Termination	–
At 31 December 2021	122,888
Net carrying amounts	
At 31 December 2021	77,353

5. Leases (cont'd)

Company	**Property** US$
Cost	
At 1 January 2020	–
Additions	200,241
Termination	–
At 31 December 2020	200,241
Accumulated depreciation	
At 1 January 2020	–
Charge for the year	55,958
Termination	–
At 31 December 2020	55,958
Net carrying amounts	
At 31 December 2020	144,283

Set out below are the carrying amounts of the Company's lease liabilities recognised and the movements during the financial year:

Company	**Property** US$
Lease liabilities	
At 1 January 2020	–
Additions	200,241
Accretion of interest	2,794
Payments	(65,444)
At 31 December 2020	137,591
Current	62,783
Non-current	74,808
At 1 January 2021	137,591
Additions	–
Accretion of interest	2,130
Payments	(64,904)
At 31 December 2021	74,817
Current	74,817
Non-current	–

5. Leases (cont'd)

The following are the amounts recognised in the Company's profit or loss:

	2021 US$	**2020** US$
Depreciation of right-of-use assets	66,930	55,958
Interest expense on lease liabilities	2,130	2,794
Rent expense on short term leases	11,779	11,779
Total expense recognised in profit or loss	80,839	70,531

The following shows the effect of the insurance contracts in the Group's cash flow during the financial year:

	2021 US$	**2020** US$
Payment of principal portion of lease liabilities	718,739	617,466
Interest expense on lease liabilities	29,065	28,041
Total expense recognised in profit or loss	747,804	645,507

6. Intangible assets

Group	Goodwill US$	Brand US$	Customer relationship US$	Total US$
Cost				
At 1 January 2020	753,485	598,087	402,106	1,753,678
Write off	–	–	–	–
Exchange differences	(651)	(5,260)	–	(5,911)
At 31 December 2020 and 1 January 2021	752,834	592,827	402,106	1,747,767
Write off	–	–	–	–
Exchange differences	(12,895)	(9,414)	–	(22,309)
At 31 December 2021	739,939	583,413	402,106	1,725,458
Accumulated amortisation and impairment				
At 1 January 2020	–	–	402,106	402,106
Write off	–	–	–	–
At 31 December 2020 and 1 January 2021	–	–	402,106	402,106
Write off	–	–	–	–
At 31 December 2021	–	–	402,106	402,106
Net carrying amounts:				
As at 31 December 2020	752,834	592,827	–	1,345,661
As at 31 December 2021	739,939	583,413	–	1,323,352

6. Intangible assets (cont'd)

Brand and customer relationships

Brand relates to the "Asuransi Eka Lloyd" brand name for the Group's fire and motor insurance business that was acquired as part of the business combination. The brand is estimated to have an indefinite useful life.

Customer relationships are driven by the management's capability to preserve the existing clients. In the course of customer relationship valuation, the management takes into consideration the product characteristic of each line to determine which line possesses recurring feature attached to the business course. The useful life is estimated to be 5 years. The amortization of customer relationship is included in "Other operating and administrative expenses" line item in profit or loss and was fully amortised by 2016.

Impairment testing of goodwill and brand

Goodwill and brand acquired through business combination have been allocated to three cash-generating units ("CGU") for impairment testing. The carrying amounts of goodwill, brands and customer relationship allocated to the CGU are as follow:

	Insurance brokers (Singapore)		**General insurance underwriting**		**Total**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	US$	US$	US$	US$	US$	US$
Goodwill	227,402	232,028	512,537	520,806	739,939	752,834
Brand	–	–	583,414	592,827	583,414	592,827

The recoverable amounts of the CGUs have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are as follow:

	Insurance brokers (Singapore)		**General insurance underwritings**	
	2021	**2020**	**2021**	**2020**
Pre-tax discount rates	13 - 14%	13 - 14%	13 - 14%	13 - 14%
Growth rates	0 - 20%	0 - 20%	0 - 20%	0 - 20%

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margin – Gross margins are based on average values achieved in the five years preceding the start of the budgeted period. These are increased over the budget period for anticipated efficiency improvements. An average of 7% and 20% per annum was applied for insurance brokers and general insurance underwritings respectively.

6. Intangible assets (cont'd)

Key assumptions used in the value in use calculations (cont'd)

Pre-tax discount rates - Discount rate represent the current market assessment of the risk specific to each of the CGUs, regarding the time value of money and individual risks of the underlying asset which have not been incorporated in the cash flow estimates. The discount rates calculation is based on the specific circumstances of the Group and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both the costs of debt and equity.

Growth rates – The forecasted growth rates are based on the management's assessment on the future business plan.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for insurance brokers and general insurance underwritings, management believes that no reasonably possible changes in any of the above key assumptions would cause recoverable amount to materiality fall below the carrying value of the unit.

7. Investment in subsidiaries

	Company	
	2021	**2020**
	US$	US$
Shares, at cost	34,779,033	34,779,033

(a) ***Composition of the Group***

The Group has the following investment in subsidiaries.

Name	**Country of incorporation**	**Principal activities**	**% of ownership interest**	
			2021	**2020**
Held by the Company:				
Citystate Insurance Holdings Pte. Ltd [i]	Singapore	Investment holding	100	100
Citystate Risk Solutions Pte. Ltd [i]	Singapore	Investment holding	100	100
PT CCA Indonesia [ii]	Indonesia	Investment holdings	50	50
Held through Citystate Risk Solutions Pte. Ltd.:				
Newstate Stenhouse (S) Pte Ltd [i]	Singapore	Insurance brokers and consultants	100	100
CRS Insurance Agency Pte Ltd [iv]	Singapore	Insurance Agency	100	100

7. Investment in subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

Name	Country of incorporation	Principal activities	% of ownership interest 2021	2020
Held through Citystate Insurance Holdings Pte. Ltd:				
EQ Insurance Company Limited [i]	Singapore	General insurance underwriting	100	100
PT CCA Indonesia [ii]	Indonesia	Investment holdings	50	50
Held through PT CCA Indonesia:				
PT Adicahya Bintang Semesta [iii]	Indonesia	Investment holdings	100	100
PT Asuransi Eka Lloyd Jaya [ii]	Indonesia	General insurance underwriting	78	78

i. Audited by Ernst & Young LLP, Singapore
ii. Not audited by Ernst & Young LLP, Singapore or its member firms
iii. Not required to be audited
iv. The subsidiary was in the process of striking off during the financial year

(b) *Interest in subsidiary with material non-controlling interest (NCI)*

The Group has the following subsidiary that has NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to NCI during the reporting period US$	Accumulated NCI at the end of reporting period US$	Dividends paid to NCI US$
PT Asuransi Eka Lloyd Jaya					
31 December 2021	Indonesia	22%	(910,785)	524,375	–
31 December 2020	Indonesia	22%	(56,677)	1,463,609	40,425

7. Investment in subsidiaries (cont'd)

(c) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interest are as follow:

	PT Asuransi Eka Lloyd Jaya	
	2021	**2020**
Summarised balance sheets	US$	US$
Current		
Assets	8,135,228	9,902,740
Liabilities	(1,098,493)	(1,349,560)
Net current assets	7,036,735	8,553,180
Non-current		
Assets	6,921,474	6,323,281
Liabilities	(12,025,022)	(8,696,848)
Net non-current assets	(5,103,548)	(2,373,567)
Net assets	1,933,187	6,179,613
Summarised statement of comprehensive income		
Revenue	9,620,616	7,901,562
Loss before income tax	(5,323,077)	(118,916)
Income tax credit/(expense)	1,196,552	(125,437)
Loss after income tax	(4,126,525)	(244,353)
Other comprehensive income for the year	(3,681)	192,440
Total comprehensive income	(4,130,206)	(51,913)
Other summarised information		
Net cash flows (used in)/generated from operations	(1,063,714)	205,417

8. Investment in associates

	Group 2021 US$	Group 2020 US$
Stenhouse Insurance Brokers Private Limited	337,859	309,733
Other associates	7,409	12,784
	345,268	322,517

Name	Country of incorporation	Principal activities	% of ownership interest 2021	% of ownership interest 2020
Held through a subsidiary:				
Stenhouse Insurance Brokers Private Limited "SIB" [i]	India	Insurance brokers and consultants	26	26
Newstate Stenhouse Limited "NSL" [i]	Hong Kong	Insurance brokers and consultants	25	25

i. Not audited by Ernst & Young LLP, Singapore or its member firms.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows:

	SIB		NSL	
	2021 US$	2020 US$	2021 US$	2020 US$
Assets and liabilities:				
Total assets	1,001,856	801,453	524,895	602,639
Total liabilities	176,999	142,716	483,819	539,855
Results:				
Revenue	788,781	648,315	275,604	334,681
Profit for the year	150,283	155,721	(192)	23,460

9. Investment securities

	Group 2021 US$	Group 2020 US$
Current:		
Held for trading investments		
- Equity instruments (quoted)	11,584,548	8,744,551
Available-for-sale financial assets		
- Equity instruments (unquoted)	12,645	12,849
Total current investment	11,597,193	8,757,400

	Group 2021 US$	Group 2020 US$
Non-current:		
Available-for-sale financial assets		
- Equity instruments (quoted)		–
- Equity instruments (unquoted)	1,843,308	714,945
- Bonds (quoted)	–	948,317
	1,843,308	1,663,262
Held-to-maturity investments		
- Bonds (quoted)	9,379,094	14,513,760
- Bonds (unquoted)	–	378,306
	9,379,094	14,892,066
Total non-current investment	11,222,402	16,555,328
Total investment securities	22,819,595	25,312,728

The fair value of the unquoted equity instruments is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently, the investment is carried at cost less allowance for impairment.

The maturity of the investment securities are disclosed in Note 26. Investments in bonds bear interest ranging from 1.73% to 3.80% per annum (2020: 2.23% to 4.60%).

9. Investment securities (cont'd)

Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$	US$	US$	US$
2021				
Financial assets:				
Held for trading investments				
– Equity instruments (quoted)	11,584,548	–	–	11,584,548
Available-for-sale financial assets				
– Equity instruments (unquoted)	–	–	1,855,953	1,855,953
– Bonds (quoted)	–	–	–	–
At 31 December 2021	11,584,548	–	1,855,953	13,440,501

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$	US$	US$	US$
2020				
Financial assets:				
Held for trading investments				
– Equity instruments (quoted)	8,744,551	–	–	8,744,551
Available-for-sale financial assets				
– Equity instruments (unquoted)	–	–	727,794	727,794
– Bonds (quoted)	948,317	–	–	948,317
At 31 December 2020	9,692,868	–	727,794	10,420,662

9. Investment securities (cont'd)

Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

Quoted equity instrument/government and corporate bonds: Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Unquoted corporate bonds: The fair value of the unquoted equity instruments is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently, the fair value of the investment is determined using the net asset method.

Movement in Level 3 financial assets

The following table presents the movement in Level 3 financial assets:

	2021 US$	**2020** US$
At 1 January	727,794	727,794
Net fair value gains recognized in other comprehensive income	1,128,159	–
At 31 December	1,855,953	727,794

The Group applied net asset value as the valuation technique for the investment, hence, unobservable inputs are not applicable. Accordingly, no analysis on the sensitivity of the unobservable input towards fair value of the investments has been performed.

9. Investment securities (cont'd)

Fair value of financial instruments that are carried at amortised cost

The following shows an analysis of financial instruments carried at amortised cost in the financial statements and their respective fair value:

	2021		2020	
Group	**Carrying value** US$	**Market Value** US$	**Carrying Value** US$	**Market Value** US$
Quoted investment				
Corporate and Government bonds, at cost	9,379,094	19,227,943	14,514,152	19,865,364
Less: Amortisation of premiums	–	–	(392)	–
	9,379,094	19,227,943	14,513,760	19,865,364
Unquoted investments				
Corporate and Government bonds, at cost	–	–	378,306	380,462

The following table shows an analysis of financial instruments carried at amortised cost but for which fair value is disclosed by level of fair value hierarchy:

Group	**Quoted prices in active markets for identical instruments (Level 1)** US$	**Significant observable inputs other than quoted prices (Level 2)** US$	**Significant unobservable inputs (Level 3)** US$	**Total** US$
2021				
Financial assets:				
Held-to-maturity				
– Bonds (quoted)	9,379,094	–	–	9,379,094
– Bonds (unquoted)	–	–	–	–
At 31 December 2021	9,379,094	–	–	9,379,094

9. Investment securities (cont'd)

Fair value of financial instruments that are carried at amortised cost (cont'd)

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$	US$	US$	US$
2020				
Financial assets:				
Held-to-maturity				
– Bonds (quoted)	14,513,760	–	–	14,513,760
– Bonds (unquoted)	–	378,306	–	378,306
At 31 December 2020	14,513,760	378,306	–	14,892,066

10. Trade receivables

	Group 2021	Group 2020
	US$	US$
Due from insured, agents, brokers and reinsurers	8,502,197	8,369,560
Due from cedants	221,668	226,942
Deposits of retrocessionairies	9,306	9,838
	8,733,171	8,606,340
Less : Allowance for doubtful receivables	(408,342)	(427,650)
	8,324,829	8,178,690

<u>Receivables that are past due but not impaired</u>

The aged analysis of the insurance receivables (exclude amount receivable from related parties and deposits of retrocessionaires) that are past due but not impaired is as follows:

	Group 2021	Group 2020
	US$	US$
Receivables past due but not impaired:		
61 – 90 days	1,178,843	970,641
91 – 120 days	528,969	809,266
More than 120 days	1,022,209	1,430,393
	2,730,021	3,210,300

10. Trade receivables (cont'd)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

<u>Receivables that are impaired</u>

The Group has trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follow:

	Group	
	2021	**2020**
	US$	US$
Trade receivables – nominal amount	427,650	427,650
Movement in allowance accounts:		
At 1 January	427,650	360,302
Charge for the year	–	61,339
Write-back for the year	(10,249)	(1,316)
Foreign currency translation	(9,059)	7,325
At 31 December	408,342	427,650

Due from agents, broker and reinsurers are unsecured non-interest bearing and are generally on 60 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair value due to the short-term nature of these balances.

The trade receivables as at 31 December are denominated in the following currencies:

	Group	
	2021	**2020**
	US$	US$
United States Dollar	861,064	754,597
Singapore Dollar	6,709,323	6,160,928
Indonesia Rupiah	743,988	1,252,161
Others	10,454	11,004

11. Other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	US$	US$	US$
Current receivables:				
Accrued interest income	165,836	338,677	–	6,227
Input GST	409,190	471,959	–	–
Due from related parties	115,526	219,988	163,759	261,581
Due from subsidiaries	45,719	145,011	1,030,000	868,740
Tax recoverable	1,376	964	–	–
Others	344,347	1,166,130	–	–
	1,081,994	2,342,729	1,193,759	1,136,548
Non-current other receivables:				
Due from subsidiaries	–	–	29,543,268	29,629,193
Other assets	9,512	8,954	–	–
	9,512	8,954	29,543,268	29,629,193
Total other receivables	1,091,506	2,351,683	30,737,027	30,765,741

The amount due from subsidiaries and related parties (current) are unsecured, non-interest bearing and repayable on demand.

Due from subsidiaries (non-current) is unsecured, non-interest bearing and is not expected to be repaid substantially within 12 months from the balance sheet date.

12. Insurance contract liabilities and reinsurance assets

Group	**Gross** US$	**Recoverable from reinsurers** US$	**Net** US$
2021			
Claims reported and loss adjustment expenses	24,339,627	(1,683,209)	22,656,418
Claims incurred but not reported	10,035,804	(2,466,040)	7,569,764
	34,375,431	(4,149,249)	30,226,182
Premium liabilities	30,435,575	(3,941,024)	26,494,551
Total	64,811,006	(8,090,273)	56,720,733
2020			
Claims reported and loss adjustment expenses	27,149,618	(5,044,143)	22,105,475
Claims incurred but not reported	11,421,013	(3,167,980)	8,253,033
	38,570,631	(8,212,123)	30,358,508
Premium liabilities	24,034,682	(2,709,435)	21,325,247
Total	62,605,313	(10,921,558)	51,683,755

12. Insurance contract liabilities and reinsurance assets (cont'd)

(a) *Claims and loss adjustment expenses*

Group	**Gross** US$	**Recoverable from reinsurers** US$	**Net** US$
2021			
Notified claims	27,149,618	(5,044,144)	22,105,474
Incurred but not reported	11,421,013	(3,167,980)	8,253,033
Total at beginning of year	38,570,631	(8,212,124)	30,358,507
Cash paid for claims settled in the year	(25,702,809)	2,807,255	(22,895,554)
Increase in liabilities	22,266,114	1,103,815	23,369,929
Foreign currency translation	(758,505)	151,805	(606,700)
Total at end of year	34,375,431	(4,149,249)	30,226,182
Notified claims	24,339,627	(1,683,209)	22,656,418
Incurred but not reported	10,035,804	(2,466,040)	7,569,764
	34,375,431	(4,149,249)	30,226,182
2020			
Notified claims	31,055,578	(5,920,317)	25,135,261
Incurred but not reported	10,555,810	(2,663,451)	7,892,359
Total at beginning of year	41,611,388	(8,583,768)	33,027,620
Cash paid for claims settled in the year	(23,165,954)	1,390,612	(21,775,342)
Increase in liabilities	19,587,447	(908,923)	18,678,524
Foreign currency translation	537,750	(110,044)	427,706
Total at end of year	38,570,631	(8,212,123)	30,358,508
Notified claims	27,149,618	(5,044,143)	22,105,475
Incurred but not reported	11,421,013	(3,167,980)	8,253,033
	38,570,631	(8,212,123)	30,358,508

The table below shows the development of claims over a period of time on a net of reinsurance basis. It shows the cumulative incurred and notified claims, for each successive accident year at each balance sheet date, together with cumulative claims, payments and total IBNR claims as at the current balance sheet date.

Claims development is shown for the last five accident years, with the liability held as at the current balance sheet date for accident years 2016 and prior and IBNR claims being shown as a separate item.

12. Insurance contract liabilities and reinsurance assets (cont'd)

(a) *Claims and loss adjustment expenses (cont'd)*

Claims and loss adjustment expenses – gross of reinsurance

Accident Year	2017 US$'000	2018 US$'000	2019 US$'000	2020 US$'000	2021 US$'000	Total US$'000
End of accident year						
1 year later	18,175	29,594	24,840	18,091	22,016	112,717
2 years later	23,138	33,787	28,036	21,944	–	106,905
3 years later	23,588	33,310	28,097	–	–	84,995
4 years later	23,220	31,868	–	–	–	55,088
5 years later	22,854	–	–	–	–	22,854
Current estimate of cumulative claims	22,854	31,868	28,097	21,944	22,016	126,779
Cumulative payments to date	(21,281)	(28,507)	(25,402)	(18,125)	(11,178)	(104,493)
Liability recognised in the balance sheet	1,573	3,361	2,695	3,819	10,838	22,286
Outstanding liability pertaining to accident year 2016 and before						2,053
IBNR						10,036
						34,375

Claims and loss adjustment expenses – net of reinsurance

Accident Year	2017 US$'000	2018 US$'000	2019 US$'000	2020 US$'000	2021 US$'000	Total US$'000
End of accident year						
1 year later	17,470	24,043	22,837	17,326	21,521	103,196
2 years later	21,380	28,422	26,267	21,112	–	97,182
3 years later	21,872	27,898	26,349	–	–	76,120
4 years later	21,480	27,237	–	–	–	48,717
5 years later	21,126	–	–	–	–	21,126
Current estimate of cumulative claims	21,126	27,237	26,349	21,112	21,521	117,345
Cumulative payments to date	(19,600)	(24,597)	(23,695)	(17,553)	(10,861)	(96,306)
Liability recognised in the balance sheet	1,526	2,640	2,654	3,559	10,660	21,039
Outstanding liability pertaining to accident year 2016 and before						1,617
IBNR						7,570
						30,226

12. Insurance contract liabilities and reinsurance assets (cont'd)

(b) ***Premium liabilities***

Group	Gross US$	Recoverable from reinsurers US$	Net US$
2021			
At beginning of the year	24,034,682	(2,709,435)	21,325,247
Increase during the year	6,842,284	(1,282,659)	5,559,625
Foreign currency translation	(441,391)	51,070	(390,321)
At end of the year	30,435,575	(3,941,024)	26,494,551
2020			
At beginning of the year	23,995,005	(3,761,993)	20,233,012
Increase during the year	(173,251)	1,017,029	843,778
Foreign currency translation	212,928	35,529	248,457
At end of the year	24,034,682	(2,709,435)	21,325,247

13. Employment liability

The Group recognised liabilities for post-employment benefits based on the actuarial calculation by an independent actuary. The post-employment benefits arise from a subsidiary domiciled in Indonesia.

The present value of the defined post-employment benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used in determining post-employment benefits as at reporting date were as follows:

	Group 2021	Group 2020
Discount rate per annum	6.48%	6.48%
Salary increase	10.00%	10.00%
Normal retirement age	56 years	56 years
Mortality table*	TMI IV-2021	TMI IV-2020

* Standard Ordinary Mortality table in Indonesia ("TMI").

13. Employment liability (cont'd)

The amount recognised in the balance sheets is determined as follows:

	Group	
	2021	**2020**
	US$	US$
Present value of defined benefit obligations and total post-employment benefits	737,981	686,155

Movements in the account are as follow:

	Group	
	2021	**2020**
	US$	US$
At 1 January	686,155	606,401
Remeasurement recognised in other comprehensive income	4,719	(18,605)
Assumption combination	–	(40)
Post-employment benefits expenses recognised in profit or loss	63,108	129,625
Benefit payment	(5,401)	(29,085)
Exchange difference	(10,600)	(2,141)
At 31 December	737,981	686,155

The components of post-employment benefits expense recognised in profit or loss:

	Group	
	2021	**2020**
	US$	US$
Current service cost	19,732	86,199
Interest cost	43,376	43,426
	63,108	129,625

Post-employment benefits expense is recognised in the "other operating and administrative expenses" line item in the consolidated statement of comprehensive income.

The following table summarises the components of post-employment benefits expense recognised in other comprehensive income:

	Group	
	2021	**2020**
	US$	US$
Before tax	4,719	(18,605)
Tax charge	(1,038)	4,063
Loss/(gain) after tax	3,681	(14,542)

13. Employment liability (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of significant assumption on the post-employment benefits as of the end of the reporting period, assuming if all other assumptions were held constant.

	Present value of obligation	
	2021	**2020**
	US$	US$
Discount rate		
Increase by 1,000 basis point	(32,721)	(33,905)
Decrease by 1,000 basis point	38,733	40,389
Future salary		
Increase by 1,000 basis point	37,114	38,599
Decrease by 1,000 basis point	(32,087)	(29,615)

14. Deferred tax assets

Group	**Balance sheet**	
	2021	**2020**
	US$	US$
Unutilised tax losses	599,629	581,280
Post-employment benefit	162,356	150,410
An excess of net book value over tax written down value of property, plant and equipment	(110,840)	(51,646)
Unearned premium reserves	1,326,818	619,713
Unabsorbed capital allowances	550,677	647,147
Unabsorbed donations	8,670	8,846
Provisions	5	–
Other items	(209,998)	(126,427)
Total deferred tax assets	2,327,317	1,829,323

Movement in net deferred tax assets is as follows:

	2021	**2020**
	US$	US$
At beginning of the year	1,829,323	2,515,196
Debited to profit or loss (Note 24)	(521,724)	(624,690)
Credited/(debited) to other comprehensive income	1,019,718	(61,183)
At end of the year	2,327,317	1,829,323

15. Cash and short-term deposits

Cash and short-term deposits comprise the following:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	US$	US$	US$
Short-term bank deposits	73,940,093	60,401,057	20,550	20,540
Cash and bank balances	15,444,030	18,384,991	1,708,323	2,079,760
Cash and short term deposits	89,384,123	78,786,048	1,728,873	2,100,300
Less :				
- Deposits held on behalf of policyholders in respect of insurance business (Note 16)	(9,164,549)	(5,006,054)	–	–
- Restricted for Insurance Broking Premium Account	(1,127,663)	(1,072,529)	–	–
- Long duration bank deposits excluding those held on behalf of policyholders	(59,649,212)	(48,910,590)	–	–
- Statutory fund required by Regulation		–	–	–
Restricted cash	(69,941,424)	(54,989,173)	–	–
Cash and cash equivalents included in the consolidated cash flow statements	19,442,699	23,796,875	1,728,873	2,100,300

Cash and cash equivalents denominated in foreign currencies at 31 December are as follow:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	US$	US$	US$
Singapore Dollar	80,127,297	68,247,583	1,469,778	1,339,893
Malaysian Ringgit	32,322	33,500	–	–
Indonesia Rupiah	6,626,526	7,798,706	–	–

16. Trade payables

	Group 2021 US$	Group 2020 US$
Cash collateral placed by policyholders (Note 15)	9,164,549	5,006,054
Due to insured, agents, brokers and reinsurers	3,351,428	2,583,603
Amount due to reinsurers	842,460	1,071,981
Amount due to ceding companies	120,278	122,725
Cedant deposits	127,809	130,409
Amounts due to retrocessionaires	71,111	73,179
	13,677,635	8,987,951

The cash collateral obtained from policyholders are held in bank accounts or placed in fixed deposits with financial institutions.

The carrying amounts of trade payables approximate their fair values due to the short-term nature of these balances. Trade payables are unsecured, non-interest bearing and subject to normal trade terms of generally 60 to 90 days' term and represent their fair value due to the short-term nature of these balances.

The trade payables denominated in foreign currencies at 31 December are as follow:

	Group 2021 US$	Group 2020 US$
Singapore Dollar	12,233,478	7,344,451
Indonesia Rupiah	553,463	594,137
Others	48,595	49,333

17. Other payables

	Group 2021 US$	Group 2020 US$	Company 2021 US$	Company 2020 US$
Provisions	2,120,415	1,915,404	163,811	147,831
Accrued expenses	518,574	504,873	33,673	36,731
Output GST	670,806	613,129	–	–
Due to related parties	2,421	1,800	1,368	3,445
Others	537,938	1,426,760	29,661	30,264
	3,850,154	4,461,966	228,513	218,271

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

The other payables denominated in foreign currencies at 31 December are as follow:

	Group 2021 US$	Group 2020 US$	Company 2021 US$	Company 2020 US$
Singapore Dollar	4,807,121	4,329,765	228,513	218,271
Indonesia Rupiah	73,033	62,203	–	–

18. Share capital

	Group and Company			
	2021		**2020**	
	No. of Shares	US$	No. of shares	US$
Issued and fully paid ordinary shares				
At 1 January and 31 December	69,293,730	67,175,900	69,293,730	67,175,900

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

19. Other reserves

	Group	
	2021	**2020**
	US$	US$
Merger reserves	(18,529,167)	(18,529,167)
Fair value reserves	1,128,366	(50)
Translation reserves	(2,798,128)	(1,823,837)
Revaluation reserve	553,000	553,000
	(19,645,929)	(19,800,054)

Merger reserve

Merger reserves represent the difference between the nominal value of share issued in exchange for the nominal value of shares and reserves of subsidiaries acquired under common control, in accordance with the principles of merger accounting.

Fair value reserve

Fair value reserves represent the cumulative fair value changes, net of tax, of available for-sale financial assets until they are disposed of or impaired.

Translation reserve

Translation reserves represent exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. Net underwriting results from reinsurance business (in run-off)

	Group 2021 US$	Group 2020 US$
Claims	–	–
Loss reserves :		
At beginning of financial year	424,232	429,676
Incurred claims	130	679
Foreign currency translation	11,105	(6,123)
At end of financial year	435,467	424,232
Net underwriting profit	130	679

21. Brokerage income and profit commission

Brokerage income is analysed as follows:

	Group 2021 US$	Group 2020 US$
Brokerage income	1,479,325	1,286,444
Profit commission	61,530	65,846
Private Client Division	25,362	–
	1,566,217	1,352,290

22. Investment and other income

	Group 2021 US$	Group 2020 US$
Interest income on :		
- short-term bank deposits	680,143	1,232,445
- government securities and fixed interest securities/ structured deposits	273,298	524,176
Dividend income	404,024	337,153
Rental Income	35,151	1,484
Net unrealised gain/(loss) on held-for-trading investments	441,661	(5,663)
Realised gain/(loss) on sale of investment securities	185,720	(780,007)
Others	448,937	1,441,900
	2,468,934	2,751,488

23. (Loss)/profit before taxation

This is stated after charging/(crediting) the following :

	Group	
	2021	**2020**
	US$	US$
Chairman and Directors' fees	430,989	408,182
(Gain)/loss on disposal of property, plant and equipment	(9,118)	1,166
Depreciation on property, plant and equipment	410,160	468,677
Depreciation of right-of-use assets	871,131	750,685
Interest expense on lease liabilities	29,065	28,041
Amortisation of (discount)/premium on held-to-maturity investment	(146)	(67,541)
Foreign exchange loss	6,709	53,073
Agency expenses	31,678	63,499
Rental expense on short term leases	138,796	275,094
Allowance for doubtful trade receivable	92,663	64,969
Employee benefit expenses		
- Salaries and bonuses	6,724,863	6,508,745
- Contribution to defined contribution plan	567,751	567,730
- Others	391,880	470,159

24. Taxation

(a) ***Major components of income tax for the year ended 31 December:***

	Group	
	2021	**2020**
	US$	US$
Current income tax:		
Current income taxation	17,651	10,657
Under provision in respect of prior year	–	17,189
	17,651	27,846
Deferred tax:		
Origination and reversal of temporary differences	(521,724)	624,690
Tax (credit)/expense	(504,073)	652,536

24. Taxation (cont'd)

(b) ***Relationship between tax (credit)/expense and accounting (loss)/profit***

A reconciliation between the tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable tax rate for the years ended 31 December is as follows:

	Group	
	2021	**2020**
	US$	US$
(Loss)/profit before tax	(1,194,543)	4,046,286
Taxation at statutory rate of 17% (2020: 17%)	(203,072)	687,868
Adjustments :		
Effect of differences in tax rates in other countries	(259,734)	16,018
Effect of non-taxable income	(162,675)	(360,779)
Effect of non-deductible expenses	99,185	122,310
Effect of income brought to at 10%	(18,749)	(28,542)
Enhanced tax allowance	(12,968)	(606)
Tax exemption	(23,497)	(10,790)
Utilisation of group tax losses	–	–
Deferred tax assets not recognised	–	3,953
(Over)/under provision in respect of prior year	(6,695)	17,189
Others	84,132	205,915
Tax (credit)/expense	(504,073)	652,536

In 2021, the Group has unutilised tax losses, capital allowances and donations of approximately US$3,385,942 (2020: US$6,476,784) available for offset against future taxable profits. Deferred tax asset has been recognised on these tax losses, capital allowances and donations amounting to US$575,611 (2020: US$1,101,053) as it has become probable that the future taxable profit will allow the deferred tax asset to be recovered. The use of these tax losses is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation.

25. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2021	**2020**
	US$	US$
Related companies		
Income:		
Rental income	39,236	–
Expenses:		
Commission expense	58,269	50,866
Payment towards operating expenses	(4,346)	(4,232)
Rental and utility charges of office premises	7,578	6,680
Secretarial fees	20,102	16,422
Travelling expenses	–	16,327
Insurance premium	62,670	64,217
Purchase of goods/services	6,565	7,979
Key management remuneration		
Chairman's fee from subsidiary company	96,748	94,223
Directors' fees	133,473	131,034
Salary and bonuses	126,888	115,206
CPF	15,788	14,218
Other benefits	16,120	13,319
	389,017	368,000

26. Financial risk management

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include insurance risk, interest rate risk, market price risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for hedging and trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

26. Financial risk management (cont'd)

Insurance risk

The Group writes a book of general insurance business comprising mainly Motor, Workmen's Compensation, Property and Personal Lines.

The Group purchases reinsurance coverage on both treaty and facultative basis. The Group's net retention varies according to product lines and loss experience.

The risk under insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of resulting claim. The principal risk the Group faces under such contracts is that the actual claims exceed the carrying amount of insurance liabilities. This could occur due to any of the following:

Occurrence risk	–	the possibility that the number of insured events will differ from those expected
Severity risk	–	the possibility that the cost of the events will differ from those expected
Development risk	–	the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by changes in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines.

The objective of the Group is to control and minimise insurance risk to reduce volatility of operating profits. The Group manages insurance risk through the following mechanism:

- Guidelines are issued for concluding reinsurance contracts and assuming reinsurance risks.
- Proactive claims handling procedures are followed to investigate and adjust claims, thereby preventing settlement of dubious or fraudulent claims.
- Reinsurance is used to limit the Group's exposure to large claims and catastrophes by placing risk with re-insurers providing high security.
- Diversification is accomplished by achieving sufficiently large population or risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwritten risks are well diversified in terms of type and amount of risk and industry.

The Group relies on its reinsurance arrangements for its liquidity and solvency where large loss arises. Its reinsurance placements are diversified and spread amongst selected reinsurers to avoid over reliance on any single reinsurer.

To mitigate the risk of reinsurance failure, the Group adopts a strict reinsurance management policy that is governed by two key criteria, namely reinsurance usage selection and reinsurance usage concentration. The Group monitors the indicators actively and takes corrective action whenever the need arises.

26. Financial risk management (cont'd)

Insurance risk (cont'd)

The table below sets out the concentration of the general insurance risk as at balance sheet date:

	Group			
	General insurance contract			
	2021		2020	
	US$	US$	US$	US$
	Net premium liabilities	**Net claims liabilities**	**Net premium liabilities**	**Net claims liabilities**
By class of business				
Cargo	90,086	98,192	67,369	111,461
Fire	639,793	867,174	519,892	879,939
Motor	6,679,622	13,351,509	6,340,299	15,032,249
Workmen's compensation	5,790,796	11,400,956	5,331,810	8,359,156
Personal accident	8,758,292	388,743	5,165,265	484,934
Health	1,282,419	1,774,309	1,270,005	3,103,498
Public liability	646,275	1,129,212	774,497	1,010,826
Bonds	1,834,500	452,997	1,262,362	602,458
Engineering	526,386	456,803	350,312	428,172
Professional indemnity	7,799	13,954	10,730	1,979
Trade Credit	–	16,233	–	55,759
Miscellaneous	238,584	276,101	232,706	288,077
	26,494,552	30,226,183	21,325,247	30,358,508

<u>Insurance contract liabilities - assumptions and sensitivities</u>

The Group's claims and premium liabilities are assessed and reviewed by external appointed actuaries, JP Wall Consulting Partners and PT. Katsir Imam Sapto Sejahtera Aktuaria for the Singapore and Indonesian insurance businesses, respectively.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's investment portfolio. The Group does not use derivative financial instruments to hedge its investment portfolio. The portfolio includes only debt securities with active secondary or resale markets to ensure portfolio liquidity. The Group does not have significant exposure to fluctuations in interest rates since almost all of its debt and securities are held until maturity.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

26. Financial risk management (cont'd)

Market price risk (cont'd)

The Group's objective is to manage investment returns and equity price risk using investment grade shares with steady dividend yields. The Group's policy is to limit its interest in the held-for-trading equity shares to 20% (2020: 20%) of its entire investment portfolio.

At the balance sheet date, if the market prices of the equity investments had been 5% (2020: 5%) higher/lower with all other variables held constant, the Group's profit before tax would increase/decrease by US$579,227 (2020: US$437,228) as the Group held some equity investments classified as held for trading. The Group's equity would have been US$672,025 (2020: US$521,003) higher/lower, arising as a result of an increase/decrease in the fair value of held for trading and available-for-sale equity instruments.

The method used for deriving sensitivity analysis and significant variables did not change from the previous year.

Foreign currency risk

The Group underwrites its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates.

The Group does not use foreign currency forward exchange contracts or purchased currency options for hedging and trading purposes.

The tables below show the foreign currency exchange position of the Group's financial assets and liabilities by major currencies:

2021	SGD US$	USD US$	IDR US$	Others US$	Total US$
Investment securities	19,558,306	–	1,417,981	1,843,308	22,819,595
Trade receivables	6,709,323	861,064	743,988	10,454	8,324,829
Cash and short-term deposits	80,127,297	2,597,978	6,626,526	32,322	89,384,123
Other receivables*	783,305	24,397	69,120	–	876,822
Total	107,178,231	3,483,439	8,857,615	1,886,084	121,405,369
Trade and other payables**	17,178,830	842,099	626,496	48,595	18,696,020

* Excluding prepayments, GST receivables and tax recoverables amounting to US$653,878
** Excluding GST payables amounting to US$670,806

26. Financial risk management (cont'd)

Foreign currency risk (cont'd)

2020	**SGD** US$	**USD** US$	**IDR** US$	**Others** US$	**Total** US$
Investment securities	22,936,197	–	1,661,586	714,945	25,312,728
Trade receivables	6,160,928	754,597	1,252,161	11,004	8,178,690
Cash and short-term deposits	68,247,583	2,706,259	7,798,706	33,500	78,786,048
Other receivables	2,435,368	28,735	89,418	–	2,553,521
Total	99,780,076	3,489,591	10,801,871	759,449	114,830,987
Trade and other payables	11,674,216	1,088,028	656,340	49,333	13,467,917

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD and IDR exchange rates against the respective functional currencies of the Group, with all other variables held constant.

	(Loss)/profit before tax	
	2021 US$'000	**2020** US$'000
<u>**SGD/USD**</u>		
strengthened 5% (2020: 5%)	4,500	4,405
weakened 5% (2020: 5%)	(4,500)	(4,405)
<u>**IDR/USD**</u>		
strengthened 5% (2020: 5%)	412	504
weakened 5% (2020: 5%)	(412)	(504)

26. Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Company's foreign currency risk arose mainly as a result of its expenses incurred in Singapore dollars ("SGD"), which differs from its USD functional currency. Exposure to currency risk is monitored on an ongoing basis.

The Company's currency exposure to SGD is as follows:

	2021 US$	**2020** US$
Financial assets		
Other receivables	4,318,680	4,309,707
Cash and short-term deposits	1,469,778	1,339,893
	5,788,458	5,649,600
Financial liabilities		
Other payables	(227,145)	(918,271)
	(227,145)	(918,271)
Net financial assets	5,561,313	4,731,329
Currency exposure	5,561,313	4,731,329

As at 31 December 2021, if USD had strengthened/weakened by 5% against SGD, with all other variables including tax rate being held constant, the Company's loss after tax for the financial period would have been US$278,066 (2020: US$236,566) lower/higher and the Company's equity gains/losses on the remaining USD-denominated financial instruments.

Credit risk

Credit risk arising from the inability of a counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparties fail to perform their obligations as of 31 December 2021 and 31 December 2020 in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

26. Financial risk management (cont'd)

Credit risk (cont'd)

Reinsurance is placed with highly rated reinsurers and concentration of risk is monitored periodically. The Group reviews the creditworthiness of reinsurers before renewing the reinsurance arrangements annually, in accordance to the prevailing reinsurance strategy and guidelines.

The tables below indicate the credit risk exposure of the Group at 31 December 2021 and 2020 by classifying financial assets according to cash ratings of the counterparties:

	AAA	AA	A	Others or not rated	Total
2021					
In United States dollars					
Investment securities	4,166,526	5,468,785	1,757,965	11,426,319	22,819,595
Trade receivables	–	79,224	818,176	7,427,429	8,324,829
Cash and short-term deposits	497,156	19,538,913	45,158,717	24,189,337	89,384,123
Other receivables	28,480	3,355	80,044	764,943	876,822
Total	4,692,162	25,090,277	47,814,902	43,808,028	121,405,369
Trade and other payables	–	262,094	1,216,054	17,217,872	18,696,020

	AAA	AA	A	Others or not rated	Total
2020					
In United States dollars					
Investment securities	3,589,177	4,726,394	3,555,698	13,441,459	25,312,728
Trade receivables	–	71,643	423,581	7,683,466	8,178,690
Cash and short-term deposits	854,176	23,492,055	36,484,948	17,954,869	78,786,048
Other receivables	21,070	18,902	170,683	2,342,866	2,553,521
Total	4,464,423	28,308,994	40,634,910	41,422,660	114,830,987
Trade and other payables	–	90,500	723,426	12,653,991	13,467,917

26. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As at the balance sheet date, the Group's trade and other receivables, including those from related companies, other assets, cash, bank balances and deposits and trade and other payables, including those from related companies, will mature within one year.

The following table sets out the carrying amount, by maturity of the Group's investment securities.

	Less than 1 year	**2 years – 5 years**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000
Investment securities				
31 December 2021	11,597	6,325	4,898	22,820
31 December 2020	8,757	14,176	2,379	25,312

27. Fair value of financial instruments

Fair values

The carrying amounts of trade and other receivables, trade and other payables, cash and marketable securities approximate their fair values due to their short-term nature.

28. Capital management

The Group has established a capital management policy to ensure that the Group maintains adequate capital to support business growth, taking into consideration regulatory requirements, and the underlying risks of the Group's business and operations. Capital includes equity attributable to the owners of the Group less the available-for-sale investment reserves.

The Group's capital management processes include the following key measures:

- observing an established dividend policy, which aims to support the Group's business needs, comply with regulatory requirements and reward shareholders reasonably;
- setting appropriate risk limits to control the Group's exposure in the underlying risks of its business and operations;
- investing the Group's funds in liquid and marketable securities and following an appropriate asset allocation strategy to maintain high liquidity and achieve the Group's objective in growth and preservation of capital; and
- stress-testing the Group's financial conditions and capital adequacy under various stress scenarios to assess and enhance the Group's financial stability.

28. Capital management (cont'd)

The Group monitors it subsidiaries capital level on a regular basis to assess whether the capital adequacy requirements are met.

The Group has no borrowings, contingent liabilities and loan capital as at 31 December 2021. There was no change in the Group's capital management objectives, policies and processes during the years ended 31 December 2021 and 31 December 2020.

29. Commitments

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases contracted for the end of the reporting period but not recognised as liabilities are as follow:

	Group	
	2021	**2020**
	US$	US$
Within 1 year	60,000	–
After 1 year but not more than 5 years	–	–
	60,000	–

Rental expenses recognised in income statement during the financial year is disclosed in Note 23.

30. Dividends on ordinary shares

	2021	**2020**
	US$	US$
Interim exempt (one-tier) dividend for 2021:		
Declared dividends	700,000	900,000
Dividends payable	–	700,000
Dividends paid	700,000	200,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

31. Contingent liabilities - Litigation

In respect of insurance agreements entered into in the normal course of business, the Group will face legal actions and has contingent liabilities arising thereon, where proceedings have been brought on behalf of various alleged classes of claimants and certain of these claimants seek damages of unspecified amounts. Whilst the outcome of such matters cannot be predicted with certainty, it is the opinion of the management that the ultimate outcome of such litigation will not have a material adverse impact on the Group's financial conditions, results of operations or cash flows.

32. Authorisation for issue

The financial statements of the Company were authorised for issue in accordance with a resolution of the directors on 30 May 2022.